

GREENBERG IRWIN PELLMAN & SLADE

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RECORDATION NO. 10271

APR 9 1979-3 50 PM

INTERSTATE COMMERCE COMMISSION

April 5, 1979

INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10271

APR 9 1979-3 50 PM

INTERSTATE COMMERCE COMMISSION

ICC Washington, D. C.

540 MADISON AVENUE
NEW YORK, N. Y. 10022

838-6670
TWX: 7105815043
CABLE: "GLEEWIN"

Mrs. Mildred Lee
Office of the Secretary-Recorder
Office
Interstate Commerce Commission
Twelfth and Constitution Avenue, N.W.
Washington, D.C. 20423

Re: Three Lease Agreements for
100 Boxcars Each
Between: Emons Industries, Inc., as Lessor
and Columbus and Greenville
Railway Company - Dated as of the
27th day of October, 1978

Dear Mrs. Lee:

We enclose an executed original and three copies of
Lease Agreements identified as follows:

- 1 - Lease Agreement Number 1
- 2 - Lease Agreement Number 2
- 3 - Lease Agreement Number 4

We also enclose our check in the amount of \$150.

We request that you record the original Leases
pursuant to Section 11303 of the Revised Interstate Commerce
Act and Part 1116 of Title 49 of the Code of Federal Regulations.
Please mark the copies with your recordation stamp and return
them to us in the envelope provided.

It is also requested that each of the following
names be inserted in the Commission Index established pursuant
to Section 1116.5(c) of Title 49 of the Code of Federal Regula-
tions:

- 1 - Emons Industries, Inc.
- 2 - Columbus And Greenville Railway Company

and that the numbers assigned to the enclosed Leases be noted in
such Index under the name of each of the parties shown above.

GREENBERG IRWIN PELLMAN & SLADE

Mrs. Mildred Lee
Page 2

April 5, 1979

If there are any questions with respect to the enclosed or the transactions described therein, please feel free to telephone the undersigned collect.

Yours truly,


Frank J. Hariton

FJH:ig
Enc.

Interstate Commerce Commission
Washington, D.C. 20423

4/9/79

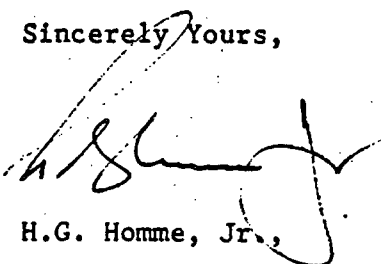
OFFICE OF THE SECRETARY

Frank J. Hariton
Greenberg, Irwin, Pellman & Slade
540 Madison Avenue
New York, N.Y. 10022

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 4/9/79 at 3:50pm, and assigned recordation number(s) 10271, 10271-A & 10271-B

Sincerely Yours,



H.G. Homme, Jr.,
Secretary

Enclosure(s)

SE-30-T
(2/78)

APR 9 1979 -3 50 PM

LEASE AGREEMENT - Number 1

INTERSTATE COMMERCE COMMISSION

THIS AGREEMENT made as of this 27 th day of October , 1978, between EMONS INDUSTRIES, INC., a New York corporation ("Lessor") and COLUMBUS & GREENVILLE RAILWAY COMPANY, a Mississippi corporation (the "Lessee").

WHEREAS, Lessor owns or will acquire railroad boxcars and desires to lease certain railroad boxcars to Lessee; and

WHEREAS, Lessee is agreeable to leasing railroad boxcars from Lessor, subject to the terms and conditions of this Agreement;

NOW, THEREFORE, the parties hereto agree as follows:

1. Scope of Agreement

A. Lessor agrees to lease to Lessee, and Lessee agrees to lease from Lessor, One hundred (100) general purpose 50 foot 6 inch unequipped railroad boxcars, rigid underframe, outside stake, 70 ton with 10 foot doors, as set forth on Exhibit A annexed hereto (hereinafter collectively called the "Boxcars").

B. It is the intent of the parties to this Agreement that Lessor shall at all times be and remain the lessor or owner, or both, of all Boxcars. Lessee shall not have any right, title or interest in and to any of the Boxcars except as Lessee hereunder. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent, and that it will take such action and execute such documents as may be necessary to accomplish and confirm this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars. The lease term with

respect to each Boxcar shall be for fifteen (15) years commencing upon the date of delivery of such Boxcar as set forth in Section 3A hereof, unless terminated earlier as provided in this Agreement.

B. If this Agreement has not been earlier terminated and if no default has occurred and is continuing at the time of the expiration of the initial lease term, the lease term with respect to each Boxcar shall be automatically extended for not more than five consecutive renewal periods of twelve months each; provided, however, that Lessor or Lessee may, by written notice delivered to the other not less than twelve months prior to the end of the initial lease term, or not less than ninety (90) days prior to the expiration of a renewal term for any Boxcar, terminate this Agreement.

3. Supply Provisions

A. Lessor will inspect each Boxcar tendered by the manufacturer for delivery to Lessee. If the Boxcar conforms to the specifications of the equipment ordered for, or manufactured by Lessor, and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, Lessor will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. The Boxcars shall be deemed delivered to Lessee upon acceptance or receipt by Lessor, whichever is earlier and the lease for each such Boxcar shall commence on such date. The Boxcars shall be moved to Lessee's railroad line at Lessee's sole cost and expense, except as set forth below. Lessor shall use its best efforts to cause the Boxcars leased hereunder to be initially

loaded with freight after acceptance as aforesaid. However, if the railroad line which serves the manufacturer of the Boxcars does not load the Boxcars with goods for shipment, the Boxcars will be transported to York, Pennsylvania, at Lessee's sole cost and expense. Thereafter, if the Boxcars are not so loaded at York, Pennsylvania, the cost of transporting such Boxcars to a place of loading shall be borne equally by Lessor and Lessee. Due to the nature of railroad operations in the United States, Lessor can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on Lessee's railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to Lessor the rental charges set forth in this Agreement from and after delivery as aforesaid. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Lessee, Lessor agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and Lessor, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with Interstate Commerce Commission ("ICC") and Association of American Railroad ("AAR") interchange agreements and rules.

B. Lessee agrees to use reasonable efforts, consistent with Lessee's then current boxcar utilization practices, to keep Lessor's Boxcars in regular service. In furtherance thereof Lessee will not give preference in "Outbound Loadings" to boxcars (other than the Boxcars) owned, leased, managed or utilized by Lessee or interchanged or otherwise obtained by

Lessee over any preference given to the Boxcars, except that Lessee may give such preference to boxcars specifically designated on Schedule I annexed hereto over preference given to the Boxcars. Lessee will give preference to the Boxcars for Outbound Loadings prior to such loadings of boxcars otherwise owned, leased, managed or utilized by Lessee (except for boxcars designated on Schedule I) during any period during the term of this Agreement if (i) Lessee shall have waived or been required to waive or apply for relief from Rules 1 or 2, or both, of the AAR Car Service Rules and (ii) for any consecutive period of three (3) months thereafter Utilization of the Boxcars is less than 85% of "Maximum Utilization" (as hereinafter defined). Such preference to the Boxcars shall cease when Utilization of the Boxcars shall be not less than 85% of "Maximum Utilization" for a period of three consecutive months. As used herein "Outbound Loadings" shall mean shipments loaded on Lessee's tracks destined for locations off Lessee's tracks.

C. Additional Boxcars may be leased from Lessor by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by Lessor and Lessee.

4. Railroad Markings and Record Keeping

A. Lessor agrees that at Lessor's expense on or before delivery of the Boxcars to Lessee, the Boxcars will be lettered, in addition to the logo of Lessee and the railroad markings of Lessee, with the name and/or other insignia used by Lessee. In addition, the Boxcars will be lettered, at Lessor's expense, with the name of the owner and/or bank or other financial institution as a secured party. Such names or insignia shall comply with all applicable regulations and shall be affixed to the Boxcars in the space directly above Lessee's reporting marks.

B. During the term of this Agreement, Lessee shall promptly prepare all documents for filing relating to the registration, maintenance and record keeping functions for the Boxcars normally performed by Lessee with respect to boxcars and shall perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules. Such matters shall include but are not limited to the preparation of, and where appropriate filing of the following documents: (i) appropriate AAR interchange agreements with respect to the Boxcars including an application for relief from AAR Car Service Rules 1 and 2; (ii) registration of each Boxcar in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies with respect to the Boxcars. Nothing in the foregoing shall restrict or prohibit Lessor from preparing and filing such elections or reports as may be necessary

or required by reason of its ownership of the Boxcars.

C. Lessee shall register each and every Boxcar leased hereunder in the Official Railway Equipment Register and the Universal Machine Language Equipment Register and proof of such registration shall promptly be provided to Lessor. Correspondence from railroads using such Boxcars shall be addressed to Lessee.

D. All record keeping performed by Lessee hereunder and all record of payments, charges and correspondence related to the Boxcars shall be separately recorded and maintained by Lessee in a form suitable for reasonable inspection by Lessor from time to time during regular business hours of Lessee. Lessee shall supply Lessor promptly with such reports regarding the use of Boxcars by Lessee on its railroad line as Lessor may reasonably request and with copies of all records and correspondence. All such record keeping shall be at Lessee's expense.

5. Maintenance, Taxes and Insurance

A. Lessee shall keep all Boxcars in good operating condition and repair so as to meet or exceed the requirements of the AAR, ICC and FRA. Lessee shall give Lessor notice promptly after its discovery of any defects in the Boxcars which qualify as "owner's responsibility defects", as defined in Rule 96 of the AAR Field Manual. Repairs to Boxcars which qualify as "owner's responsibility defects" shall be paid by Lessor unless the same was occasioned by the fault of Lessee while a Boxcar was in the physical possession of Lessee. Repairs may not be performed by Lessee if the cost thereof exceeds \$750 unless the Lessor

consents thereto in writing. If Lessor shall not give its consent to such repair (exceeding \$750 or more in cost) then Lessee shall promptly return such Boxcar to Lessor who shall perform such repairs. The aforesaid \$750 limitation shall be subject to adjustment annually in accordance with any increase in standard AAR labor rates. Except as otherwise provided herein repairs, maintenance and servicing shall be performed and paid for by Lessee, subject to reimbursement as provided in this Agreement by Lessor. Lessee shall be responsible to inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to Lessor for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to Lessor for and during the lease term of each Boxcar all of its right, title and interest in any warranty in respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by Lessor at its sole expense and Lessee shall have no obligation or authority to make any claim on such warranty. Lessee shall cooperate with Lessor in the prosecution of any such claim. Any recovery under such warranty shall be made payable to Lessor. All proceeds from such recovery shall be used to repair or replace the Boxcars or to reimburse Lessor for cost of repairs already made.

B. Lessee shall make "owner responsibility defects" repairs at Lessor's expense, costing less than \$750 to facilitate continued immediate use of a Boxcar but shall not make any

alterations, improvements or additions to the Boxcars without Lessor's prior written consent. If Lessee makes an alteration to any Boxcar without Lessor's prior written consent, Lessee shall be liable to Lessor for any car-hire revenues lost due to such alteration. Title to any such alteration, improvement or addition occurring in the course of or as a result of normal and customary maintenance shall be and remain with Lessor.

C. Lessor may make or cause to be made such inspections of, and maintenance and repairs to, the Boxcars as may be required of Lessee by this Section 5, if Lessee fails to do so. Lessor shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder.

D. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while they are on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules - Freight for cars not owned by Lessee which are operating on Lessee's railroad tracks. Lessee agrees to enforce on Lessor's behalf and at Lessor's direction and expense all rights against carriers handling a Boxcar which becomes damaged while on such carrier's line.

E. Lessee will at all times while this Agreement is in effect and at Lessee's expense, cause to be carried and maintained insurance with respect to all Boxcars subject hereto, including

property damage insurance, public liability insurance and all risk insurance while the Boxcars are on Lessee's railroad line in amounts and with deductibles customarily carried by Lessee with respect to similar equipment. Lessee will furnish Lessor concurrently with the execution hereof, and thereafter at intervals of not more than 12 calendar months, with copies of any insurance policies with respect to the Boxcars and a detailed report signed by an independent insurance broker with respect to the insurance carried on the Boxcars together with the opinion of such broker as to its compliance with the provisions of this Section 5E. Lessee will cause such firm to agree to advise Lessor promptly of any lapse of any such insurance or of any default of payment of any premium and of any other act or omission of Lessee of which it has knowledge which might, in its opinion, invalidate or render unenforceable, in whole or in part, any insurance on the Boxcars. All insurance shall be taken out in the name of Lessee and Lessor (or its assignee) as their interests may appear. The policies shall be written by insurers acceptable to Lessor. The policies or certificates shall provide for at least ten business days' prior written notice to be given to Lessor by the underwriters prior to their cancellation. Certificates evidencing such insurance shall be delivered to Lessor prior to commencement of the lease term as to the first Boxcar. Lessee shall pay the premiums for such insurance prior to the end of any grace periods applicable to any such insurance policies.

F. Lessor shall reimburse Lessee for the cost of maintenance and repair of the Boxcars as provided herein. Lessor also agrees to reimburse Lessee for all taxes, assessments and other govern-

mental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease, delivery or operation thereof which may be accrued, levied, assessed or imposed during the lease term or which remain unpaid as of the date of delivery of such Boxcars to Lessee, except taxes on income imposed on Lessee. Lessee shall bill Lessor monthly for amounts due to Lessee under this paragraph. All such reimbursements shall be made by Lessor within thirty (30) days after the receipt of such bill for payments covered by such bill. Lessor and Lessee will comply with all state and local tax laws. Lessor shall have the right at its sole risk and expense to contest any such tax, assessment or governmental charge. Lessee agrees to give reasonable assistance to Lessor in connection with the conduct of such protests, but Lessee shall have the right to take action regarding such matter as Lessee deems appropriate and in its best interest. Lessor shall assume responsibility for all liability, costs and penalties resulting because of such contest and agrees to indemnify Lessee therefor.

Lessor shall identify in writing its authorized representative relative to tax matters under this Agreement. Lessee shall consult with such authorized representative prior to filing of any tax report or tax return involving the Boxcars in order to give such authorized representative a reasonable opportunity to make recommendations to minimize Lessor's tax responsibility. Lessor agrees that such recommendations will be made in a manner which will not delay Lessee in meeting any deadline of the taxing authority. Lessee agrees to follow any reasonable recommendation made by Lessor's authorized representative so long as such recom-

recommendation does not, in Lessee's sole reasonable opinion, adversely affect Lessee in any way. Lessor shall be responsible for all additional costs and expenses, incurred by Lessee in following such recommendation, and all liability, costs and penalties resulting from following such recommendations.

Lessee agrees to give Lessor's authorized representative prior notice of any meeting conducted with the taxing authority regarding taxes for which Lessor is responsible hereunder. Such notice shall be given in order to give Lessor's authorized representative reasonable opportunity to attend such meeting.

Lessor shall have the right at its sole risk and expense to contest or appeal any ruling made by any taxing authority regarding taxes for which Lessor is responsible hereunder.

6. Rental Charges and Certain Termination Options.

A. Lessee shall, on behalf of Lessor, collect all car-hire revenues with respect to the Boxcars, including but not limited to straight car-hire payments and incentive car-hire payments ("Car-Hire Revenues") together with ^{mileage charges} any penalties, and any other payments such as demurrage paid to Lessee in connection with the use of the Boxcars by other railroads, and shall pay to Lessor all such amounts received (by payment or credit) by Lessee. Such amounts together with an accounting thereof, shall be payable by Lessee to Lessor within five (5) days after receipt (by payment or credit) thereof by Lessee.

B. As used in this Lease, the term "Maximum Utilization" relative to the Boxcars shall mean use of the Boxcars which results in the collection of the maximum Car-Hire Revenues

which the Boxcars could have earned if in operation every day during a given period of time and off the lines of the Lessee for all of such given period of time. For purposes of this Lease, a percentage of Maximum Utilization of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in a calendar quarter or calendar year, as the case may be, that Car-Hire Revenues are earned by Lessee on the Boxcars, and the denominator of which is the aggregate number of days in such calendar quarter or calendar year, as the case may be, that the Boxcars are on lease to Lessee. As used herein, the term "Utilization" means the actual use of the Boxcars expressed as a percentage of Maximum Utilization as determined herein.

C. Lessor shall be entitled to retain an amount equal to 100% of the mileage charges received. In addition, Lessor shall retain all other Car-Hire Revenues, penalties and other payments received if Utilization of the Boxcars is equal to or less than 85% of Maximum Utilization in any calendar year. After receipt of the amounts provided for in subsection A above, Lessor shall refund (as provided in Section G below) to Lessee the following amounts.

1. An amount at the rate of \$100 per annum per Boxcar then subject to this Agreement, payable in equal quarterly installments in arrears. Such amount shall be pro rated for the number of days in such quarter in which such Boxcar

was subject to this Lease, and shall be paid within thirty (30) days after the end of such calendar quarter.

2. In the event Utilization of the Boxcars exceeds 85% of Maximum Utilization in any calendar year, Lessor shall retain an amount equal to the "Lessor Base Rental", and the balance shall be refunded to Lessee. For the purpose hereof, Lessor Base Rental shall be an amount equal to the total Car-Hire Revenues plus penalties and other payments, but excluding mileage, for the calendar year multiplied by a fraction, the numerator of which is 85 and the denominator of which is the Utilization for such calendar year. (The above determination of Lessor Base Rental insures that Lessee will, if Utilization is greater than 85% of Maximum Utilization in any calendar year, receive all the Car-Hire Revenues, penalties and other payments paid by other railroads for use or handling of the Boxcars in excess of the Lessor Base Rental).

D. If for any calendar quarter the Utilization of the Boxcars is less than 85% of Maximum Utilization (an "Under-Utilized Period"), Lessee shall waive Rules 1 and 2 of the AAR Car Service Rules until such time as the Utilization of the Boxcars is equal to or greater than 85% of Maximum Utilization for a period of three (3) consecutive months, provided, however, that in lieu of making such waiver, Lessee may pay to Lessor the difference between actual Car-Hire Revenue paid to Lessor hereunder and the Car-Hire Revenue which would have been paid to Lessor if there had been 85% of Maximum Utilization of the Boxcars during such period. Furthermore, if during such Under-Utilized Period the actual Utilization of the Boxcars is less than 80% of Maximum Utilization, and if thereafter Lessee has not paid to Lessor the difference in Car-Hire Revenue up to 85% of Maximum Utilization as aforesaid, Lessor may terminate this Agreement upon ten (10) days' written notice to Lessee as to such number of Boxcars as Lessor shall desire up to the number which must be eliminated to arrive at 85% of Maximum Utilization for the remaining Boxcars during the applicable period unless the Lessor has received from Lessee and retained the difference between the actual Car-Hire Revenue otherwise due to Lessor hereunder and the Car-Hire Revenue

which would have been due to Lessor if there had been an 85% Maximum Utilization of the Boxcars during such period.

E. Lessee agrees to use its best reasonable efforts to collect any amounts due from other railroads for car-hire, mileage, penalties, and other payments. If Lessee fails to use its best reasonable efforts to collect any amounts due from another railroad after receipt by Lessee of written notice from Lessor specifying such failure and specifying reasonable action that is available to Lessee to collect such amount, Lessor shall have the right to proceed by appropriate court action to obtain a decree requiring specific performance by Lessee.

F. In the event damage or destruction of a Boxcar has been reported in accordance with Rule 107 of the Field Manual of the AAR Interchange Rules and the appropriate amount due as a result thereof is received by Lessor, said damaged and/or destroyed Boxcar will be removed from this Agreement as of the date that payment of car-hire revenues ceased, and such Boxcar shall become the property of Lessee. For purposes of this Section F, the terms "damages" and "destroyed" shall be defined as set forth in said Rule 107. Upon receipt of the appropriate amount, Lessee shall promptly remit same to Lessor. In the event a Boxcar is destroyed while on Lessee's line, Lessee shall promptly pay to Lessor the appropriate amount due to such destruction. If such amount is not paid within ten (10) days of such destruction, Lessor shall have the right to offset such amount

from any amounts due to Lessee hereunder.

G. On or before each of April 30, 1979 and April 30, 1980, Lessor shall refund to Lessee the amount due to Lessee as required by Subsection C(2) above with respect to Car-Hire Revenues, penalties and other payments for the immediately preceding calendar year. Thereafter, in any calendar year during the term of this Lease, Lessor shall refund to Lessee within thirty (30) days after the expiration of a calendar quarter, an amount equal to twelve and one-half (12 1/2%) percent of the amount refunded to Lessee hereunder with respect to Car-Hire Revenues for the immediately preceding calendar year. The balance, if any, due to Lessee for such current calendar year with respect to Car-Hire Revenues, penalties or other payments or any adjustment required to be made to Lessor for overpayment for such current calendar year shall be made by Lessor or Lessee, as the case may be, no later than April 30th in such immediately succeeding year.

H. Lessor may, at its option, terminate this Agreement if the ICC shall, at any time (1) issue an order reducing incentive per diem for Boxcars without a commensurate increase in straight per diem or other revenues available to both Lessor and Lessee, or (2) determine that Lessee may not apply its net credit balance from incentive per diem settlements in payment of the rental charges set forth in this section.

I. Lessee shall promptly notify Lessor if a Boxcar is on Lessee's railroad tracks for ten (10) days or more and

promptly thereafter when such Boxcar leaves Lessee's tracks.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either Lessor or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party. Lessee will indemnify and hold Lessor harmless from and against any loss, cost, liability or expense (including attorneys' fees) arising out of or by virtue of Lessee's breach of the provisions of this paragraph.

B. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with

respect to the Boxcars or any interest therein or in this Agreement. Lessee will promptly, at its expense, take such action as may be deemed necessary by Lessor to duly discharge any such mortgage, pledge, lien, charge, encumbrances, security interest, or claim if the same shall arise at any time.

8. Default Remedies Upon Default

A. The occurrence of any of the following events shall be events of default:

(i) The nonpayment by Lessee of any sum required hereunder to be paid by Lessee within ten (10) days.

(ii) The default by Lessee under any other term covenant, or condition of this Agreement which is not cured within ten (10) days after notice thereof from Lessor.

(iii) Any affirmative act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, arrangement with creditors, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors, or any such act or filing by an affiliate of Lessee which substantially impairs the capacity of Lessee to fulfill its performance under this Agreement.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within thirty

(30) days thereafter, or the appointment of any receiver or trustee to take possession of any of the properties of Lessee unless such petition or appointment is set aside or withdrawn or ceases to be in effect within thirty (30) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency which impairs Lessee's capacity to fulfill its performance under this Agreement.

B. Upon the occurrence of any event of default, Lessor may, at its option:

(i) Proceed by appropriate court action to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear Lessor's costs and expenses, including reasonable attorneys' fees and disbursements in securing such enforcement), or

(ii) By notice in writing to Lessee, terminate this Agreement and Lessee's right of possession of the Boxcars, whereupon all rights and interest of Lessee shall terminate, and thereupon Lessor may by its agents enter upon any premises where the Boxcars may be located and take possession of them and hencefo

hold, possess and enjoy the same free from any right of Lessee. Lessor shall nevertheless have a right to recover from Lessee any and all rental amounts or other amounts which under the terms of this Agreement may then be due or which may have accrued to that date.

9. Termination

At the expiration or termination of this Agreement as to any Boxcars, Lessee will surrender possession of such Boxcars to Lessor by delivering the same to Lessor. A Boxcar shall be deemed terminated and no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by Lessor, either, at the option of Lessor, (1) by Lessee upon return of such Boxcars to Lessee's railroad line, or (2) by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease as to such Boxcar. If such Boxcars are not on the railroad line of Lessee upon termination, any cost of

assembling, delivering, storing and transporting such Boxcars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by Lessor unless such termination is due to Lessor exercising its rights under Section 8B(ii) of this Agreement in which case all such costs shall be borne by Lessee. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall, at Lessor's expense, unless such termination is due to Lessor exercising its rights under Section 8B(ii) of this Agreement, within five working days after such expiration, termination or return to Lessee's line, remove Lessee's railroad markings from the Boxcars and place thereon such railroad identification markings as may be designated by Lessor. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to one hundred twenty (120) days' free storage on its railroad tracks for Lessor or the subsequent lessee of any terminated Boxcar.

10. Indemnity

Lessee agrees to defend, indemnify and hold harmless

Lessor against any loss, liability, claim, damage or expense (including the reasonable cost of investigation and attorneys fees and disbursements in defending against any claim for damages) which Lessor may incur by reason of any accident resulting in any damage to property or injury to any person unless occurring through the negligence or fault of Lessor.

11. Representations, Warranties and Covenants

A. Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state of Mississippi and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest

or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to Lessor in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, would individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the Lessee to perform its obligations under this Agreement.

(v) Lessee may use incentive per diem earned by the Boxcars to make the lease payments provided for herein.

B. Lessee shall immediately notify Lessor of any accident connected with the malfunctioning or operation of the Boxcars including in such report the time, place and nature of the accident and the damage caused to the property, the names and addresses of any persons injured and of witnesses

and other information pertinent to Lessee's jurisdiction of the accident. Lessee shall also notify Lessor in writing within five (5) days after any attachment, tax lien or other judicial process shall attach to any Boxcar. Lessee shall furnish to Lessor promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

C. Lessor hereby represents and warrants that it has full power and authority to enter into this Agreement and to lease the Boxcars to Lessee as provided herein.

13. Subordination

A. In connection with Lessor's financing of the Boxcars, Lessor may assign this Lease, sell the Boxcars, grant a mortgage on, or security interest in any Boxcar, in whole or in part, without notice to, or the consent of the Lessee to any bank, other financial institution or subsidiary thereof. Each such assignee or owner shall have all of the rights but none of the obligations of Lessor under this Lease, and in connection therewith Lessee shall, upon written notice thereof, recognize each such assignment, sale or security interest and shall accept and comply with the direction or demands given in writing by any such owner, assignee or secured party. Lessee shall not assert against such assignee, secured party or owner any defense, counterclaim or set-off that Lessee might have against Lessor. Lessee's rights shall be subject and subordinate to the rights of any such assignee or transferee of Lessor or purchaser of the Boxcars or any bank or other secured party under any financing agreement or arrangement entered into by Lessor in connection with the acquisition or financing of Boxcars. Upon giving of notice to

Lessee from any such transferee, bank or secured party that an event of default by Lessor has occurred and is continuing under such financing agreement, or arrangement, such party may require that all payments otherwise due to Lessor shall be made directly to such party or that the Boxcars be returned to such party, or both. However, Lessee shall have the right to cure Lessor's default under such financing agreement or arrangement and Lessor agrees to reimburse Lessee for any amounts paid to such party on behalf of Lessor.

14. Miscellaneous

A. This Agreement shall be binding upon and shall inure to the benefit of the parties hereby and their respective successors and assigns, except that Lessee may not without the prior written consent of Lessor, assign this Agreement or any of its rights hereunder or sublease the Boxcars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Boxcars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing

herein shall be construed as conveying to Lessee any right, title or interest in the Boxcars except as a lessee only.

D. A failure or delay by Lessor shall not constitute a waiver or otherwise affect or impair any right, power or remedy available to Lessor nor shall any waiver or indulgence by Lessor or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of New York.

F. All notices hereunder shall be in writing and shall be deemed given when delivered personally or when deposited in the United States Mail, postage prepaid, certified or registered, addressed to the president of the other party at the address set forth below:

Emons Industries, Inc.
490 East Market Street
York, Pennsylvania 17403

Columbus & Greenville Railway Co.
201 19th Street North
Columbus, MS 39701

IN WITNESS THEREOF, the parties hereto have executed this Agreement as of the year and date first above written.

COLUMBUS AND GREENVILLE RAILWAY CO.

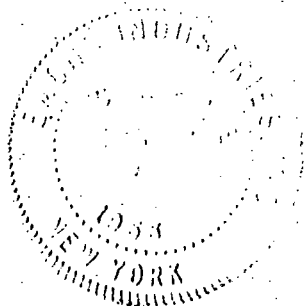
By: H. L. Bitner
Title:

Lessee

EMONS INDUSTRIES, INC.

By: Paul Grossman
Title: President

Lessor



STATE OF MISSISSIPPI)
COUNTY OF LOWNDES) SS:

On this 27th day of October, 1978, before me personally appeared H. C. Bitner to me personally known, who being by me duly sworn, says that he is President of Columbus and Greenville Railway Co., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My Commission Expires 11/17/79

Maureen H. Dale
Notary Public

STATE of Pennsylvania)
COUNTY of York) SS:

On this 2nd day of November, 1978, before me personally appeared Robert Grossman to me personally known, who being by me duly sworn says that he is President of Emons Industries, Inc., that the seal affixed to the foregoing instrument is the corporate seal of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My Commission Expires 1/31/81

Judge Horvathovic
Notary Public

EXHIBIT A

CAGY-22000

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